

INTRODUCTION

The Allegan County Friend of the Court/Prosecuting Attorney (FOC/PA) had a contract with the Michigan Family Independence Agency (FIA) to establish paternity, obtain support orders for all cases, to enforce all orders of support over which the Allegan County FOC/PA had jurisdiction, to locate absent parents, and to provide certain reports on child support collections to the FIA. Allegan County FOC/PA billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Allegan County for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Allegan County FOC for the period January 1 through December 31, 1998. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if the costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Allegan County FOC/PA overbilled the FIA for the personnel line item. The State share of the net amount overbilled was \$2,578. (See Schedule A.)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$2,578 from the Allegan County FOC/PA.

AGENCY RESPONSE

Allegan County FOC/PA agrees with the finding.

FINDING

Personnel Costs of FOC Administrator

1. The Allegan County FOC/PA overbilled FIA \$2,578 for the FOC Administrator's personnel costs. The Allegan County FOC/PA charged 84.5% of the FOC Administrator's salary and fringe benefits. The actual, audited amount of time spent on FOC activities was 80%. The difference was \$3,650 (\$2,786 salary and \$864 fringe benefits). Federal Office Management and Budget Circular No. A-87 (A-87), Attachment B, requires that personnel chargeable to more than one activity maintain activity reports that document the actual time spent on each activity. (See Schedule A.) Also the "Applicable Costs" section of the contract requires "If any staff funded in part or in whole by IV-D funds do not work full time on IV-D matters, detailed time-records for such employees are required to document the amount of time spent on reimbursable activities."

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$2,578 from the Allegan County FOC/PA.

Finding #	Line Item	Year	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	State %	Due (State) County
1	Personnel	1998	\$ (3,650)	98.91%	\$ (3,610)		
2					\$ -		

**Grand Total of the IV-D Audit
Adjustments**

\$ (3,610)

Calculation of the Payment Due the (State) County

Audited IV-D Amount	819,839		
IV-D Amount Used for the Payments Actually Made	<u>(823,449)</u>		
IV-D Audit Adjustment Due (State) County	<u>(3,610)</u>	71.41%	<u>(2,578)</u>